

Message Text

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PAGE 01 STATE 252285

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ORIGIN ARA-20

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 EB-11 COME-00 AID-20

TRSE-00 OPIC-12 SCEM-02 /128 R

DRAFTED BY ARA/MC/V - MCFORRESTER:GFH

APPROVED BY ARA DUTYOFFICER: GHIGH

ARA - MR. KUBISCH (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

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E.O. 11652: N/A

TAGS: VE, ENRG

SUBJ: WASHINGTON POST REPORTS ON VENEZUELAN OIL PRICE
INCREASE

1. DECEMBER 29 EDITION OF WASHINGTON POST GIVES
FRONT PAGE COVERAGE TO VENEZUELAN OIL PRICE RISES
ANNOUNCED DECEMBER 28. CAPTION READS: "CARACAS
RAISES OIL PRICE...EAST COAST OF U.S. TO BE HIT
HARD." EXCERPTS FROM THE ARTICLE ARE AS FOLLOWS:

A. VENEZUELA INCREASED THE AVERAGE PRICE OF ITS
OIL BY MORE THAN 80 PER CENT TODAY IN A MOVE THAT IS
EXPECTED TO HIT HARD AT CONSUMERS ON THE U.S. EAST
COAST.

B. AMERICAN SOURCES SAID THE INCREASE TO AN
AVERAGE PRICE OF \$11.08 PER BARREL COULD BE
EXPECTED TO LEAD TO HIGHER PRICES FOR GASOLINE AND
HOME HEATING OIL IN THE ATLANTIC STATES, FOR WHICH
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PAGE 02 STATE 252285

VENEZUELA IS THE LARGEST SINGLE SOURCE OF PETROLEUM.

C. THE INCREASE IN THE TAX REFERENCE PRICE
S THE TWELFTH FOR VENEZUELA THIS YEAR, BRINGING
WAS THE TWELFTH FOR VENEZUELA THIS YEAR, BRINGING
THE TOTAL PRICE RISE TO MORE THAN 400 PER CENT SINCE
LAST JANUARY1.

D. THE AMOUNT OF THE VENEZUELAN IN*REASE WAS A
SURPRISE AS IT HAD BEEN EXPECTED THAT VENEZUELA
WOULD MERELY MATCH THE INCREASES BY THE GULF STATES.

E. THE CURRENT POLITICAL LEADERSHIP AND
PRESIDENT-ELECT CARLOS ANDRES PEREZ HAVE MADE IT
CLEAR THAT VENEZUELA'S OIL WILL BE USED FOR THE
MAXIMUM BENEFIT OF VENEZUELAN, RATHER THAN FOREIGN
INTER*STS.

2. THE ARTICLE STATES THE"U.S. HAS BEEN E*COURAG*NG
VENEZUELA TO DEVELOP NEW OIL FIELDS, BUT MANY
VENEZUELAN SUPP*RT THE IDE OF CONSERVING...
PETROLEUM RESOURCES FOR THE FUTURE."

3. DATA AND BACKGROUND INFORMATION IN THE CARACAS-
DATELINED ARTICLE APPEAR ACCURATE.

4. DECEMBER 29 EDITION NEW YORK TIMES ALSO REPORTS ON
LATEST PRICE RISE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, PRESS COMMENTS, CONSERVATION, EXPORT PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 29 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE252285
Document Source: CORE
Document Unique ID: 00
Drafter: MCFORRESTER:GFH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973121/aaaaaaks.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ORIGIN ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 14 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Dec-2001 by williad>; APPROVED <13 MAR 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WASHINGTON POST REPORTS ON VENEZUELAN OIL PRICE INCREASE
TAGS: ENRG, VE, US
To: CARACAS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005